The WTO's international multilateral trade system and its effects on the production and consumption of food

O sistema multilateral de comércio internacional da OMC e os seus efeitos sobre a produção e consumo de alimentos

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Introduction

During the World Trade Organization (WTO) Ministerial Conference in Cancun, Mexico, 2003 a South Korean family farmer named Lee Kyug Hae took his own life as an act of demonstration against the neo-liberal process of globalization. This extreme reaction became a symbol of how free trade has impacted life in the countryside, sparking debate about the internal contradictions of this model and its human consequences (Ayres et al. 2014). This paper aims to discuss the multilateral trade system's effects on the production and consumption of food.

In this work we offer some contributions based on the research we are conducting at the University of British Columbia (UBC) as Visiting International Research Students within a project entitled "Farm to Institution" that has been studying the effects and contradictions of free trade in the global food systems.

This paper is divided into three parts, the first of which, discusses how liberalization of free trade through the WTO has impacted small scale farming mainly in underdeveloped countries of the global south. After considering the consequences in what relates to the production of food, we explore the consumer side, pointing out how it has led to the standardization of diets, the increase of consumption of processed food and hunger. We then indicate food sovereignty as a process of resistance, stressing how to this day – 20 years after the creation of WTO – family farmers are still responsible for the production of most of the food in the world. Lastly, we offer final considerations expressing how movements, such as right to food and a human rights approach to food have sparked from the incongruities.

The liberalization of free trade through the WTO and its impacts on small scale farming

To comprehend what has materialized as the liberal order, originally projected in Bretton Woods, and the changes that have occurred in the countryside we need to first consider global institutions such as the World Bank and International Monetary Fund (IMF), in particular their incentive towards liberalism through access

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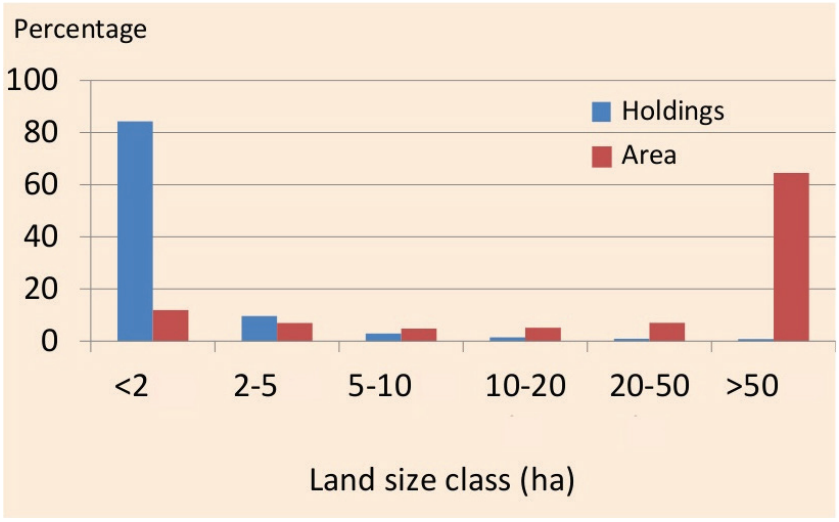
to credit (Peet 2003). This meant that the World Bank and IMF only financed States that accept the neo-liberal package (Ramos Filho 2007). The WTO is then understood as a consequence to this initial incentive that not only substitutes the General Agreement on Tariffs and Trade (GATT) in its first 1995 session as the main device of the international economic system, but also takes on the front role as the mechanism for trade liberalization, by directing through new standards areas that were previously outside of GATT's scope.

The developed countries through the WTO have altered the international trade rules that regulate food trade, excluding the developing countries from the decision making process. Pushing forward selective trade liberalization where they stand to profit, but maintaining protective practices when their interests are in question. One example of this incongruity is when the United States (US) government in 2013 argued within the WTO that Brazilian institutional purchasing policies, aimed towards students and those in poverty, where a form of subsidizing[1]. While disputing Brazil's public procurement policies, the US themselves are notorious for their agricultural subsidies that aim to make their production more competitive in the global markets, especially in the cotton production.

These conditions have delimitated a harsh reality for family farmers around the world, despite their contributions for the environment and production of food trough practices of sustainable agriculture (Altieri 2009). The Food and Agriculture Organization of the United Nations' (FAO) report "The State of Food and Agriculture: Innovation in Family Farming" (2014) shows that more than 90% of farms are family farms, and that they produce over 80 % of the world's food. In absolute numbers, there are more than 500 million family farms out of a total of 570 million farms in the world, and over 80% of these are located within high middle income and low middle income countries[2]. However most of these farmers find themselves in condition of poverty, and it is evident both the effects of free trade and historical colonialism by comparing it to the data on land ownership, where 72% of the world's farms are less than one hectare, with another 12% between one and two, but only 2% of farms are over 20 hectares. Even further, in Graph 01, where contrasting land holdings to land area, we see a clear polarization.

Graph 01 – Distribution of Farm and Farmland World Wide



Source FAO 2014.

1 The two main institutional procurement programs that where criticised by the US within the WTO are the Food Acquisition Program (PAA) and the National Lunch School Program (PNAE), where food is purchased from family farmers without bidding. The food acquired would then be donated to those in condition of social vulnerability and to public school cafeterias, respectively.

2 In Brazil according to the Agricultural Census the family farm sector has just 24% of the landholdings and 14% of public credit but produces 70% of the food consumed by Brazilian households and creates 74% of the jobs in the countryside.

The unequal conditions of the liberal order impose a reality where family farmers in the countryside have been suffering due to several absences, such as access to credit. According to FAO (2006) between the second half of the 20th century and the first years of the 21st, more than 800 million farmers migrated to urban cities. This is more significant when we notice that a large percentage of those who do remain behind are older; the younger members prefer to live in an urban setting – one of the consequences of free trade and prevalence of large scale production, the Green Revolution – a course called agrarian transition (Satterthwaite et al. 2010; de Schutter 2015). Due to the fact that most of the labor that is undertook in family farming is done by the family members themselves, this process deconstructs the composition of continuous unity of production. Furthermore, as Mazoyer and Roudart (2006) describe, amongst those who are in poverty around the world, three-fourths live in the countryside. Ziegler (2011) – the former Right to Food Special Reporter for the United Nations (UN) – gives emphasis to the fact that out of the groups that are most vulnerable to hunger the first are those in rural poverty.

To comprehend these changes one important theoretical reference is Philip McMichael (2000), who argues that since the 1990s the "development project" – characterised by the interference of states in the economy – was substituted for a "globalization project". This has been characterized as a result of the accumulation of power by the large food corporations. More pragmatically, by analysing the Uruguay Rounds (1987-1994), one can identify the reduction of agricultural subsidies which is the transition described. Here, the state no longer plays as important of a role in determining the production of food, as it is now a commodity like any other to be traded for the most profit in the free market, and production is determined on those bases. Under these conditions the access to market has been determined by stock prices, which has negatively impacted family farmer's livelihood (Shiva 2012).

International free trade as the cause of standardization of diets

Even with the present existence of protectionist measures the global food system has been characterized by the proliferation of large corporations in the market of developed and underdeveloped countries. Further on, corporations that specializes in production and processing of food such as Bunge (Netherlands), Cargill (United States), BASF (Germany), Bayer (Germany), Syngenta (Switzerland/Netherlands) and others, are still expanding. The internationalization of food markets has also been occurring do to large interference of retail corporations (Sage 2011). About this, Burch and Lawrence (2009: 268) argue,

> This involved a shift in the locus of control over the establishment and management of such chains from the manufacturing sector to the retail sector dominated by the large global supermarkets chains such as Wal-Mart, Tesco and Carrefour. This shift had resulted in a food system that was governed by a neoliberal mode or regulation, characterised by flexible production and the international sourcing of a wide and diverse range of food products on terms set by the international retailers, and increasingly organised around a set of concerns based on convenience, choice, health and 'wellness', freshness and innovation.

As we have seen, while global trade policies are undermining livelihoods in the countryside they have consequently been contributing to food insecurity (Burnett and Murphy 2014). As free trades expand and large food retail corporations become more powerful food diets have become uniform on a global scale. Currently 80% of food consumed by those who have access to it, are based solely on soy, corn, rice, barley and cassava

(Stédile 2013). There are, however, many spheres that permeate this development, making it not exclusively economic.

> This process of displacement is not merely commercial, it is also ideological. Economic globalization, systematic privatization, and minimally regulated international capital flow have all shifted the balance between governments and corporations. Governments and international institutions now tend to cede their prime duty to protect the public interest to vast transnational corporations whose primary responsibility is to their shareholders (Monteiro and Cannon 2012: 1).

The 2008 crash is an ideal example to illustrate the harmful consequences of this *laissez faire* mentality, as it ultimately led to a global food crisis (Wittman et al. 2015). The spike in food price was a result of factors such as: i) the corn based ethanol production in the US which utilizes on 10% of overall world production; ii) with financial speculation, a high dollar price and inflation the speculators turned their attention to commodities; iii) the shift in consumer foods in populous developing countries such as China and India; iv) global warming; v) the high costs of fossil fuels and vi) difficulty with cropping. All of these can be understood as products of the neo-liberal free market order.

These conditions have led to new consumer trends, where food is not consumed based on quality but price, and ultimately leading to an increase of consumption of processed food and hunger. It is a two-way hand where production determines consumption, but the demand is also induced, and therefore the production also has to adjust accordingly. The logic is profit based, and corporations stimulate both sides according to what is more profitable.

Currently, due to the fact that free trade determines food systems, food has become merchandize and is no longer a right. Food consumption being now determined by access to market has lead to two devastating consequences that are incorrectly understood as two polarized problems of having too much and too little, hunger and obesity. In what concerns hunger, in 2000 the UN established the "Eradication of Hunger" as part of the first of the Millennium Development Goal that aimed to cut in half the amount of undernourished in the world by 2015, however currently there are still 795 million people who are undernourished globally (FAO 2015), and the goal has not been completely achieved[3]. The ever growing population and inequality, through means of selective accumulation of wealth by the few, is one of the factors that can explain this disparity. As it becomes a merchandize, food is no longer treated differently. Things that would before sound redundant such as "organic food" is now a certification and a way of contrasting between "junk food". Quality food is today consumed only by a small niche of consumers with high purchasing power. Being that all humans eat, those who do not find themselves amongst these privileged few are forced to consume cheap food. Therefore, hunger and obesity are not antagonic problems but are in fact the same. It is a question of access to market, in what pertains having to little or no access to food and access to bad food, respectively.

Projections indicate that by 2050 there will be 9 billion people in the world and the biggest challenge we will face is going to be how to feed all them (Godfray et al. 2010; Tomlinson 2013). Relating to this there are two main problems, most of the land in the world is used for livestock, not for the production of vegetables and fruits (Lee and Eisler 2014), and speculatory foreign capital based land grabbings, that infringes on the national sovereignty (Hall et al. 2015). Both of these are factors of the neo-liberal order, as the unhealthy and historically unnatural mass consumption of meat expands to huge consumer markets such as China, and same as food land has become a merchandize to be acquired, ventured and traded for profit (Wittman et al. 2015).

3 In countries such as Brazil, that has left the hunger map in 2014, hunger has been reduced due to state intervention and not neoliberal practices.

20 years of WTO and 19 years of Food Sovereignty

The creation of the WTO in 1995 and its free market principle towards food trade was recognized by some counter hegemonic forces as a threat to livelihood in the countryside. Institutionally, FAO (1996) proposed "food security", which advocates access to food in quantity and quality that are sufficient to attend population needs, as a means to establish a perimeter to the extent of free trade. However, it does not show which agriculture model is responsible for this, therefore it doesn't take into consideration the improvement of family farmer conditions.

Also in 1996 Via Campesina, an international peasant coalition, understanding that this was not enough, established "food sovereignty" as an alternative proposal (Wittman 2011). The most recurrent present definition of food sovereignty is as established in 2007 at the World Forum on Food Sovereignty, held in Nyéléni, Mali, with the participation of 500 representatives of peasant organizations from 80 countries. In the document "Declaration of Nyéléni", food sovereignty is understood as

> [...] the right of peoples to healthy and culturally appropriate food produced through ecologically sound and sustainable methods, and their right to define their own food and agriculture systems. It puts the aspirations and needs of those who produce, distribute and consume food at the heart of food systems and policies rather than the demands of markets and corporations. It defends the interests and inclusion of the next generation (Nyéléni 2007).

Food sovereignty goes beyond the conception of food security as it highlights the importance of local markets and peasant agriculture as part of an alternative proposal (McMichael 2015). Nyéléni is understood as a marker where second generation food sovereignty is born, now emphasising not only the equal relations of food production but also food consumption (de Schutter 2015).

Moreover, it is also important to note that food sovereignty cannot be understood only as an exclusive need of poor countries, as it is locally adaptable (Schiavoni 2009). This becomes clear as the effects of free trade-generated inequality are also witnessed by the people of developed countries. In this sense, the proposed food sovereignty can be used in many contexts in which the hegemony of large corporations on the food market is questioned.

> Food sovereignty, as a counter-movement to the food regime, includes a range of struggles, and is evidently quite elastic as a discourse and practice. Because the food regime itself is evolving and restructuring, food sovereignty embodies movement (McMichael 2014: 193).

As we reflect upon the WTO 20 years after its creation and discuss the structural problems of agriculture trade globally, especially in family farming, we call attention to the fact that food sovereignty is a counter proposal. We take this diverse analytical stance to lay emphasis on the fact that food sovereignty emerged in part as the articulation of resistance to the WTO's Agreement on Agriculture and the imposition of multilateral trade disciplines on domestic agriculture policy (Burnett and Murphy 2014).

Final considerations

FAO declared 2014 the International Year of Family Farming, 2015 is WTO's 20th anniversary and 2016 will be 20 years of the existence of food sovereignty as an alternative proposal. These are important dates and references that show the contradictions between the different models of development in the countryside. 2014 was meant to call attention to family farming a practice that has been resilient to a hostile and unfavorable

environment set forth by the very institution whose anniversary we celebrate this year. Food sovereignty has been an important means of calling attention to this problem but has limited reach, as all counter movements are in relation to standing hegemonic practises.

Burnett and Murphy (2014) suggest that further development of the movement's position on trade is strategically important, therefore understanding that even though it has emerged as a counter movement there is room for dialog. In this sense there is a place for a more just scenario for family farming within free trade.

> While not explicitly rejecting trade, the food sovereignty movement is identified with a strong preference for local markets. It challenges existing international trade structures, and on the whole its official position on trade remains ambiguous. We argue that trade remains important to the realization of the livelihoods of small-scale producers, including peasants active in the Food Sovereignty movement (Burnett and Murphy 2014).

It does however as we understand depend on the interference of the State, an incongruence within the neo-liberal proposed model, through procurement policies. Public procurement is a contradiction of the system that shows that in what relates to food this model does not work.

Institutional food procurement is also a way to guarantee democratization of access to food, as it allows for a more inclusive reality where access to good food is not determined by money.

It is also paradoxical that there has been a reduction of food producers and increase in people who consume food, consequences of a system that does not have the capacity to self-sustain is then brought forth.

Currently, there has been much written along the lines of a human right approach to food (Patel 2009; de Schutter 2015) and as a whole the UN has taken up the Human Rights Up Front Initiative, presented by the Secretary-General to improve action to safeguard human rights around the world. These are initiatives that show not only what is valued today, but even more, what needs to be given attention to. As 20 years ago the concern was with de expansion of a model, now the concern is on lessening the damage of those impacted by its growth, while at the same time thinking about a sustainable future.

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Abstract

Upon the WTO's 20th anniversary this paper evaluates how its free trade regime has impacted the way people grow and eat food. Further on, we describe how food sovereignty emerged as a counter proposal that aims to once again make food about people and not profit.

Resumo

No contexto do vigésimo aniversário da OMC este artigo avalia como o seu regime de livre comércio teve impacto na forma como as pessoas crescem e comer alimentos. Mais adiante, se descreve como a soberania alimentar surgiu como uma contraproposta que visa produzir alimentos para todos, e não o lucro.

Keywords: World Trade Organization; *International Food Trade; Food Sovereignty*

Palavras-chaves: Organização Mundial do Comércio; comércio internacional de alimentos; soberania alimentar

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